

To the Members of the California State Senate:

I am returning Senate Bill 1897 without my signature.

This bill has the potential to add significant fiscal pressure to the State's current budget deficit by establishing new reimbursement methodologies likely to increase rates and facilitating the organization of child care providers. Even with our fiscal crisis, California has the highest child care reimbursement rates in the nation.

Consistent with the 2004 Budget Act and the California Performance Review (CPR) report alternative reimbursement methodologies are being evaluated by the Administration. It would be inappropriate for the State to proceed with the process described in SB 1897 prior to fully considering the alternatives.

California receives a capped federal allocation to fund child care through block grants. It is imperative that we balance our fiscal reality and the need to provide services to working families. In today's fiscal environment increased costs will come at the expense of child care slots for California's working families.

For these reasons I am returning this bill without my signature.

Sincerely,

Arnold Schwarzenegger